



Los Angeles Grand Avenue Authority



Board of Directors

Hon. Gloria Molina, Chair
Hon. Jan Perry, Vice Chair
David E. Janssen, Secretary
Robert R. "Bud" Ovrom
Sunne Wright McPeak, Ex Officio

MAY 23, 2005 MINUTES

The eleventh meeting of the Los Angeles Grand Avenue Authority was held May 23, 2005 at the Kenneth Hahn Hall of Administration, Room 374 A, 500 West Temple Street, Los Angeles, CA.

CALL TO ORDER

Chairperson Gloria Molina noting a quorum called the meeting to order at 10:07 a.m. The following Directors were present, constituting a quorum of the Authority:

Honorable Gloria Molina, Supervisor First District, Los Angeles County
Honorable Jan Perry, Councilmember Ninth District, City of Los Angeles
David E. Janssen, Chief Administrative Officer, Los Angeles County
Robert R. "Bud" Ovrom, Chief Executive Officer, Community Redevelopment Agency, City of Los Angeles

APPROVAL OF THE APRIL 25, 2005 MINUTES

On motion of Director Perry, seconded by Director Janssen, the Authority unanimously approved the April 25, 2005 minutes with the following amendment: the continuance of public outreach meetings to ensure the general public better understands the scope of the Grand Avenue project and the community benefits following approval of the JPA Implementation Plan.

APPROVAL OF FISCAL YEAR 2005-2006 BUDGET

Martha Welborne commended the California Community Foundation (CCF) for their continued support and in-kind contribution toward the Grand Avenue project, specifically Antonia Hernandez, President CCF and Grand Avenue Committee Co-Chair, for her dedicated efforts in the project thus far. Ms. Welborne reported last year's budget (2004-2005) was \$1.3 million and this year's budget is \$875,000.

On motion of Director Janssen, seconded by Director Perry, the Authority unanimously approved the Fiscal Year 2005-2006 Budget.

APPROVAL TO (1) DELEGATE SELECTION OF EIR CONSULTANT TO THE COMMITTEE AND (2) AUTHORIZE THE COMMITTEE TO ENTER INTO CONTRACT FOR PREPARATION OF AN ENVIRONMENTAL DOCUMENT AT THE SOLE EXPENSE OF THE RELATED COMPANIES

Martha Welborne reported the Committee is requesting the authorization to select an EIR consultant and enter into a contract for preparation of an environmental document at the expense of the developer (Related Companies).

On motion of Director Ovrom, seconded by Director Perry, the Authority unanimously approved to delegate selection of EIR Consultant to the Committee and to authorize the Committee to enter into contract for preparation of an environmental document at the sole expense of the Related Companies.

**PRESENTATION AND APPROVAL OF IMPLEMENTATION PLAN/PROJECT
DESCRIPTION FOR THE GRAND AVENUE PROPERTIES AND PARK PROPERTIES
IN ACCORDANCE WITH SECTION 8.01 OF THE JPA AGREEMENT FOR THE
LOS ANGELES GRAND AVENUE AUTHORITY**

Eli Broad, Chair, Grand Avenue Committee, reported \$50 million in lease payments for the County/City will be generated in Phase 1 of the project, and \$28 million in tax revenues for State, County and local government will be obtained. Steve Ross, Chairman and CEO, Related Companies, reiterated the significance of the public/private partnership of the Grand Avenue project. Victor MacFarlane, MacFarlane Partners, California Urban Investment Partners, is enthusiastic to be a part of the urban development of this project.

Martha Welborne reported the required components of the Implementation Plan per Section 4.4 of the ENA have been submitted. The document contains an Executive Summary, goals/program, development plan, infrastructure plan, business plan, and the term sheet. Ms. Welborne advised Correction Sheets will also be submitted into the Implementation Plan and stated the changes are minor and mostly typographical.

Cal Hollis, Financial Consultant, reported on the financial components of the Implementation Plan. Prepaid ground rent for Phase 1 is \$40.8 million and an additional \$9.2 million will be paid in advance for future phases. Once sold, the incentive ground rent for Phase 1 condominiums is estimated to be \$2.7 million and the annual incentive rent generated from the hotel and retail components is estimated to be over \$650,000 by the project's stabilization year. Prepaid ground rent for all 3 phases is estimated to be \$100 million dependent upon the selected businesses chosen by the JPA as the subsequent phases continue at a future date. Civic Park, street improvements, public open space (limited to \$12 million) retail parking, and affordable housing (limited to \$100,000 for rental and \$200,000 for ownership) is also included.

Chairperson Molina asked when the \$50 million will be turned over to the JPA. Mr. Hollis reported a Letter of Credit (LOC) will be issued upon approval of the term sheet by the respective boards, after which LOC will be converted into cash upon completion of the CEQA process, and approval of the respective bodies of the development agreement and ground lease agreements.

Director Janssen asked if the financial package is in overall good standing for a public project of this magnitude. Mr. Hollis stated the real estate transaction for the public land has been properly valued, and up front payment of the land eliminates concern regarding future rent payments. Director Janssen asked if Phase I does not meet expectations will the JPA still keep the \$50 million. Mr. Hollis advised the \$50 million is non-refundable upon commencement of the ground lease.

Director Janssen asked for a timeline for implementing Phase 1 and the subsequent phases. Mr. Hollis advised construction phases are in 3 year intervals with Phase 1 beginning December 2006 and Phase 2 beginning December 2009. Paul Rutter, Esquire, Gilchrist and Rutter, reported a grace period is granted for the developer between payment of Phase 2 and Phase 3 parcels. Phase 2 parcels must be purchased 45 months after entering the Development and Disposition Agreement (DDA) in order to have the benefit of an agreed formula for the price; if developer does not purchase within 45 months, an additional 12 months based on fair market is allowed to purchase Phase 2. Phase 3 is 60 months after entering the DDA and an optional 24 months is allowable to purchase Phase 3 at fair market. In response to Director Janssen, Mr. Hollis advised the public open spaces at the development sites total \$12 million.

Bill Witte, Related Companies, reviewed the Grand Avenue park and development sites. Mr. Witte reported the 16 acre civic park encompasses great open space for the public. Mr. Witte stated the existing parking ramps on Grand Avenue will be replaced by 'slip-ramps' to provide openness and a pedestrian friendly vantage point of the acreage. A series of urban steps will be inserted throughout the park to further enhance the pedestrian experience and improve accessibility. A great lawn, terrace and garden will be built to enjoy outdoor recreational activities such as movies, concerts, festivals and other similar events; the warm climate of Los Angeles creates outdoor enjoyment throughout most of the year. Aside from grand events, intimate spaces are designed for leisurely activities such as playing board games, lunch in the park, etc.

Director Janssen asked about the potential circumstances regarding the possible removal of the Hahn Hall of Administration and the Superior Courthouse. Mr. Witte stated the Related Companies performed studies to determine possibilities of the park without the Hahn Hall of Administration and the Superior Courthouse; the park could be expanded by augmenting the improvements implemented during Phase 1 at minimal cost and effort.

Parcel Q is bounded by Grand, 1st, Olive and 2nd streets. These streets will contain residential and hotel lobbies, and retail/entertainment use. After discussions with the public, the plan to create pedestrian friendly steps/escalators on 1st and Hill and 2nd and Hill was suggested to increase public accessibility to the block. Subterranean parking at development sites is planned to provide 1,800 spaces. Further, 2nd street will open up to Grand and resemble a residential district with a hotel lobby, 2 residential lobbies, and entertainment use.

Due to the business of the street, 1st street will be opened up with terraces and gardens which will soften the streetscape and create curb appeal.

The block of 2nd and Grand will contain a 45-50 ft. story 'Iconic' tower with a boutique hotel containing 225 rooms and 200 condominiums above.

The corner of 1st and Olive will encompass a 23-30 story tower with the first 7-8 floors as permanently affordable housing units with 150 condominiums atop. Phase 1 will also include 200,000-250,000 square footage of retail and entertainment space under the mixed-use design concept. A grocery market, bookstore, potentially a theater complex, and 6-7 restaurants at varied price ranges are proposed in the plan.

Phase 2 consists of Blocks L and M where 2-3 high rise residential towers are planned; however, a grand office space could be added for potential job opportunities/growth if desired.

Phase 3 will continue the residential theme along 2nd street. Also, another high rise building will be located on 1st and Hill; possibly a civic office/residential building with additional retail space could be added.

Upon approval of the Implementation Plan, Mr. Witte reported public outreach will continue covering design options of the plan and the discussion of potential job opportunities for the public.

Chairperson Molina commended the seamless integration of mixed-use in the development/design of the project and the access to the public regarding outdoor activities, employment opportunities, and affordable housing. Director Perry stated the Grand Avenue project will be a future model of positive public/private partnership relations and commended the Related Companies for their dedicated efforts in public outreach and professionalism exuded thus far. Director Janssen commented on the regional significance of the project and its benefits for the downtown community and the County. Director Ovrom stated the Grand Avenue project highlights the possibility of JPA's working together which may lead to more similar public/private projects in the future.

On motion of Director Perry, seconded by Chairperson Molina, the Authority unanimously approved the Implementation Plan of the Grand Avenue Project.

DISCUSSION OF FUTURE AGENDA ITEMS, DATE OF THE NEXT MEETING

Since the County, City and CRA need to review and approve the Implementation Plan, Ms. Welborne reported the next meeting will be tentatively scheduled for July 25, 2005.

PUBLIC COMMENT

Carol Schatz, President/CEO, Central City Association, commended the various agencies for their efforts in the Grand Avenue endeavor. Ms. Schatz praised the pedestrian friendly accessibility, use of greenery and open space, and 'mixed use' which will benefit the downtown community.

Brady Westwater, President, Downtown Los Angeles Neighborhood Council, stated The Related Companies have been a pleasure to work with and very helpful in explaining the scope of the project and its affects on the general public.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:08 a.m.